



**DC Ranch Community Council
Financial Highlights – Director Analysis
for period ending September 30, 2020**

Summary by Fund - YTD

	<u>Operating</u>	<u>Reserve</u>	<u>Capital</u>	<u>Total CC</u>
Revenue	\$ 3,565,283	\$ 6,452	\$ 6,058	\$ 3,577,793
Expenses	2,427,671	100,591	55,616	2,583,878
Operating Income/(Loss)	\$ 1,137,612	\$ (94,139)	\$ (49,558)	\$ 993,915
Depreciation	-	-	26,592	26,592
Total Income/(Loss)	\$ 1,137,612	\$ (94,139)	\$ (76,150)	\$ 967,323
Transfers In/(Out)	(763,400)	386,300	377,100	-
Total Surplus/(Deficit)	\$ 374,212	\$ 292,161	\$ 300,950	\$ 967,323

Revenue

Operating revenue for September totaled \$439k, higher than budget by \$174k (66%). Year-to-date revenue is favorable to budget by \$570k (19%). Significant variances to budget include:

- Community Benefit Fees came in \$173k (287%) higher than forecast for September, resulting in a \$591k revenue surplus YTD.
- Covenant Commission Reimbursement for shared expenses (management fee) is \$95k higher than budget YTD. This will cumulatively be the case for the remainder of the fiscal year. When the budget was approved, the partnership between Covenant Commission and Community Council had not yet been finalized. As such, the budget does not reflect the shared expenses between organizations.
- Programming and facility rentals have been lower than budget by approximately \$44k due to the cancellation of programs and the temporary closure of the community centers and suspension of the rental program, in response to the COVID-19 pandemic. Conversely, the reduction in expenses normally incurred to run these programs have resulted in a corresponding cost savings.
- The new charitable event scheduled for this year (Desert Affair) was also cancelled resulting in a revenue loss of \$50k, but is offset by expense savings of \$49k.

Expense

Operating expenses for September came in \$537k more than budget, with year-to-date expense \$205k higher than budget. Notable variances include:

- The most significant reason for the higher expense in September is the Board approved transfer of operating funds to the reserve and capital accounts, for which \$200k was moved to reserve and \$346k was moved to capital.
- Personnel costs are a net \$9k lower than estimated in the budget YTD. Included in this amount are the additional expenses for the Covenant Commission staff, which are part of the management fee. There is a savings in personnel costs of \$45k in other departments YTD.

- Management Fee expenses are over budget YTD by \$9k and will cumulatively be the case for the remainder of the year – see explanation above in the Revenue section.
- There is a cumulative net savings of \$343k YTD across all departments. Due to the unique circumstances with the pandemic this year, it remains to be determined what part of the savings is due to timing (will be spent before year end) and what amount will result in a surplus for the year due to the impact of Coronavirus. Material savings amounts by department are as follows:
 - Administration - \$43k savings in Legal/Professional Fees, Public Affairs and Special Projects and Employee Relations (ex. meetings, seminars etc.).
 - Communications/Community Engagement - \$34k savings in Collateral Printing/Postage and Community Relations.
 - Community Center Operations - \$62k savings in various supplies and services related to facility maintenance.
 - Programming – \$143k in savings due to the cancellation of events, clubs and classes.
 - Charitable Events - \$49k savings due to the cancellation of Desert Affair (new event in 2020).
 - Paths & Trails - \$6k savings in supplies and projects.
- Interest expense of \$1,528 was paid during the process of returning the Payroll Protection Program (PPP) loan funds.

Balance Sheet/Cash Flow

- Operating cash on hand is equal to 5.92 months as of 9/30/20. Operating cash decreased by approximately \$736k in September, primarily due to \$545,600 in transfers to the reserve and capital funds, as well as the return of the PPP loan funds in the amount of \$340k.
- The Note Payable was removed, due to the return of the PPP funds, since the terms of the loan was satisfied.
- There are \$1.65 mil in capital funds and \$1.76 mil in reserve funds. Reserves are currently 91.83% funded.
- The amount in Capital Fund–Current Projects represents the amount of funds remaining to complete Board approved projects.

Looking Forward

- Future escrow amounts *in progress* are as follows:

Month	Currently in escrow	Budgeted Benefit Fees
October 2020	\$425,047	\$131,642
November 2020	\$162,071	\$177,164

Community Council continues a positive financial position through September with a \$374k favorable variance to the operating budget, even with the additional transfers to the reserve and operating funds. Community Benefit Fees and expense timing/savings are the main drivers for this number so far this year.



DC Ranch Community Council

Statement of Revenue and Expense

For the month and YTD ended September 30, 2020

REVENUE

	SEPTEMBER ACTUAL	SEPTEMBER BUDGET	BUDGET VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	2020 BUDGET
Community Benefit - Transfer Fee	\$ 232,947	\$ 60,171	\$ 172,776	\$ 1,693,298	\$ 1,102,311	\$ 590,987	\$ 1,500,000
Residential Assessments (2,688 units)	141,388	139,776	\$ 1,612	1,261,624	1,257,802	3,822	1,677,131
Commercial/Apartment Assessments (970 Commercial units)	50,440	50,440	-	453,960	453,960	-	605,280
Charitable Events (Dinner in the Desert / Tour de Scottsdale)	(350)	-	(350)	(1,595)	50,000	(51,595)	192,000
Event/Club/Class Registrations	1,275	5,854	(4,579)	16,333	34,939	(18,606)	54,379
Community Center Rentals	-	3,000	(3,000)	10,438	26,200	(15,763)	43,200
Other (Interest, CFD from city, processing fees, misc.)	544	3,258	(2,714)	16,618	33,172	(16,554)	46,796
Arts/Education Program Registrations/Ticket Sales	150	1,025	(875)	5,167	22,980	(17,813)	26,570
Covenant Commission Expense Reimbursement	10,600	-	10,600	95,400	-	95,400	-
Advertising (website)	720	-	720	6,120	5,640	480	7,080
Community Garden Leases	880	880	-	7,920	7,920	-	10,560
TOTAL REVENUE	\$ 438,594	\$ 264,404	\$ 174,190	\$ 3,565,283	\$ 2,994,924	\$ 570,359	\$ 4,162,996

EXPENSE

Administrative (office rent, phones, IT, admin staff)	\$ 99,261	\$ 99,886	\$ (625)	\$ 943,803	\$ 938,489	\$ 5,314	\$ 1,250,429
Community Center Operations (utilities, upkeep, center staff)	77,897	84,875	(6,978)	649,652	750,952	(101,300)	1,006,257
Events/Clubs/Classes (instructors, supplies, rentals, catering, planning staff)	33,954	36,730	(2,776)	350,230	456,340	(106,110)	665,860
Communication/New Residents (website, newspaper, merchants, tours, staff)	38,762	41,385	(2,623)	357,287	392,235	(34,948)	514,900
Management Fees (reimbursement to Ranch Association)	1,275	298	977	11,475	2,682	8,793	3,576
Charitable Events (Dinner in the Desert / Tour de Scottsdale)	535	-	535	1,887	50,000	(48,113)	189,100
Seasonal Decorations (supplies, storage, labor)	7,254	-	7,254	38,301	39,000	(699)	64,500
Arts and Education Programs (instructors, supplies, rentals)	559	3,020	(2,461)	13,384	53,880	(40,496)	64,725
Employee Relations and Training (mileage, conferences, dues, uniforms)	937	4,625	(3,688)	27,986	46,860	(18,874)	61,360
Market Street Park / Paths and Trails (utilities, upkeep)	4,629	3,950	679	13,500	19,845	(6,345)	28,155
Insurance & Taxes (Interest)	3,342	1,932	1,410	20,165	17,888	2,277	23,734
TOTAL EXPENSE	\$ 268,405	\$ 276,701	\$ (8,296)	\$ 2,427,671	\$ 2,768,171	\$ (340,500)	\$ 3,872,596
NET OPERATING INCOME/(LOSS)	\$ 170,189	\$ (12,297)	\$ 182,486	\$ 1,137,612	\$ 226,753	\$ 910,859	\$ 290,400
TRANSFERS IN/OUT							
Reserve & Capital Fund Contributions (Transfer Out)	569,800	24,200	545,600	763,400	217,800	545,600	290,400
NET SURPLUS (DEFICIT)	\$ (399,611)	\$ (36,497)	\$ (363,114)	\$ 374,212	\$ 8,953	\$ 365,259	\$ -

DC Ranch Community Council, Inc.
Balance Sheet Comparison Report
As Of 9/30/2020

	<u>Balance</u> <u>9/30/2020</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Change</u>
Assets			
<u>Cash</u>			
111025 - BOK Operating Cash - Council	\$2,052,461.68	\$1,338,659.93	\$713,801.75
119000 - Petty Cash	\$710.30	\$700.00	\$10.30
<u>Cash Total</u>	<u>\$2,053,171.98</u>	<u>\$1,339,359.93</u>	<u>\$713,812.05</u>
<u>Capital Fund</u>			
112100 - BOK Capital Fund - Council - Current Projects	\$130,013.20	\$68,826.52	\$61,186.68
112150 - BOK Capital Fund - Council - Savings	\$1,524,790.84	\$1,258,435.29	\$266,355.55
<u>Capital Fund Total</u>	<u>\$1,654,804.04</u>	<u>\$1,327,261.81</u>	<u>\$327,542.23</u>
<u>Reserve Fund</u>			
129420 - BOK Reserve Fund - Council	\$1,761,740.11	\$1,469,579.37	\$292,160.74
<u>Reserve Fund Total</u>	<u>\$1,761,740.11</u>	<u>\$1,469,579.37</u>	<u>\$292,160.74</u>
<u>Accounts Receivable</u>			
141200 - Accounts Receivable - Residential Assessments	\$10,678.00	\$4,942.75	\$5,735.25
141300 - Accounts Receivable - Benefit Fees	\$37,687.00	\$15,800.00	\$21,887.00
141400 - Accounts Receivable - Event Brite	\$0.00	\$874.98	(\$874.98)
142000 - Accounts Receivable - Other	\$0.00	\$6,592.92	(\$6,592.92)
144500 - Commercial Assessments Receivable	\$13,260.00	\$1,127.00	\$12,133.00
144900 - Allowance for Bad Debt	(\$1,354.29)	(\$1,354.29)	\$0.00
159000 - Accounts Receivable Clearing Account	\$0.00	\$0.00	\$0.00
<u>Accounts Receivable Total</u>	<u>\$60,270.71</u>	<u>\$27,983.36</u>	<u>\$32,287.35</u>
<u>Prepaid Expenses</u>			
135000 - Due From Check Front	\$0.00	\$0.00	\$0.00
151000 - Prepaid Insurance	\$9,354.63	\$8,859.38	\$495.25
151500 - Prepaid Expense - Programs & Events	\$34,812.63	\$6,028.02	\$28,784.61
151700 - Prepaid Expense - Charitable Events	\$4,901.89	\$0.00	\$4,901.89
151800 - Prepaid Expense - Arts & Education	\$96.00	\$1,740.00	(\$1,644.00)
152000 - Prepaid Utilities	\$0.00	\$0.00	\$0.00
153000 - Prepaid Expense - Postage	\$565.35	\$732.11	(\$166.76)
154000 - Prepaid Expenses	\$12,251.60	\$240.00	\$12,011.60
<u>Prepaid Expenses Total</u>	<u>\$61,982.10</u>	<u>\$17,599.51</u>	<u>\$44,382.59</u>
<u>Intercompany Receivable</u>			
131000 - Due From Covenant Commission	\$0.00	\$0.00	\$0.00
133000 - Due From DC Ranch Association	\$600.00	\$57,454.30	(\$56,854.30)
<u>Intercompany Receivable Total</u>	<u>\$600.00</u>	<u>\$57,454.30</u>	<u>(\$56,854.30)</u>
<u>Property and Equipment</u>			
171000 - Furniture & Fixtures	\$165,918.57	\$165,918.57	\$0.00
172000 - Property & Equipment	\$191,471.23	\$191,471.23	\$0.00
172500 - Leasehold Improvement - Community Garden	\$137,041.53	\$137,041.53	\$0.00

DC Ranch Community Council, Inc.
Balance Sheet Comparison Report
As Of 9/30/2020

	<u>Balance</u> <u>9/30/2020</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Change</u>
Assets			
174000 - Homestead Remodel & Capital Improvement	\$121,771.49	\$121,771.49	\$0.00
175000 - Desert Camp Remodel Capital Improvement	\$98,372.58	\$98,372.58	\$0.00
179000 - Accumulated Depreciation	(\$534,894.09)	(\$508,302.17)	(\$26,591.92)
<u>Property and Equipment Total</u>	<u>\$179,681.31</u>	<u>\$206,273.23</u>	<u>(\$26,591.92)</u>
<u>Other</u>			
162000 - Interfund Transfer - From Operating Fund	\$0.00	\$0.00	\$0.00
162050 - Interfund Transfer - To Capital Fund	\$0.00	\$0.00	\$0.00
<u>Other Total</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
 <i>Assets Total</i>	 \$5,772,250.25	 \$4,445,511.51	 \$1,326,738.74
Liabilities and Equity			
<u>Current Liabilities</u>			
210000 - Accounts Payable	\$35,880.77	\$80,060.99	(\$44,180.22)
211000 - Insurance Payable	\$0.00	\$0.00	\$0.00
212000 - Payroll / Month End Accrual	\$139,517.65	\$90,937.79	\$48,579.86
213000 - Accrued Expenses	\$0.00	\$0.00	\$0.00
216000 - Insurance Claim Payable	\$0.00	\$0.00	\$0.00
220000 - Prepaid Assessments	\$21,164.00	\$68,676.00	(\$47,512.00)
220500 - Deferred Revenue - Prepaid Event Registration	\$1,870.00	\$0.00	\$1,870.00
221500 - Deferred Revenue - Prepaid Facility Rental	\$0.00	\$7,620.00	(\$7,620.00)
221600 - Deferred Revenue - Deposit Facility Rental	\$0.00	\$3,805.00	(\$3,805.00)
222000 - Section 125 Liability	\$1.83	\$426.64	(\$424.81)
<u>Current Liabilities Total</u>	<u>\$198,434.25</u>	<u>\$251,526.42</u>	<u>(\$53,092.17)</u>
<u>Intercompany Payable</u>			
231000 - Due to Covenant Commission	\$0.00	\$9,752.68	(\$9,752.68)
233000 - Due to DC Ranch Association	\$0.00	\$0.00	\$0.00
<u>Intercompany Payable Total</u>	<u>\$0.00</u>	<u>\$9,752.68</u>	<u>(\$9,752.68)</u>
<u>Capital and Reserve Equity</u>			
311000 - Capital Equity	\$1,513,697.21	\$1,413,286.40	\$100,410.81
320100 - Reserve Equity	\$1,489,417.20	\$1,380,175.85	\$109,241.35
<u>Capital and Reserve Equity Total</u>	<u>\$3,003,114.41</u>	<u>\$2,793,462.25</u>	<u>\$209,652.16</u>
<u>Long-Term Liabilities</u>			
251000 - Note Payable - PPP Funds	\$0.00	\$0.00	\$0.00
<u>Long-Term Liabilities Total</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
 <u>Retained Earnings</u>	 \$1,603,378.57	 \$1,272,971.41	 \$330,407.16
 <u>Net Income</u>	 \$967,323.02	 \$540,059.32	 \$427,263.70
 <i>Liabilities & Equity Total</i>	 \$5,772,250.25	 \$4,867,772.08	 \$904,478.17

DC RANCH COMMUNITY COUNCIL
STATEMENT OF CASH FLOWS
MONTH OF SEPTEMBER 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (deficit) for period \$ 145,989

Adjustments to reconcile net income (deficit)

Accounts receivable	(19,271)
Prepaid insurance	863
Prepaid programs and expense	(659)
Prepaid expenses	348
Intercompany Receivable	(600)
Accounts payable	3,679
Accrued payroll expenses	14,900
Deferred revenue - facility rentals	-
Prepaid assessments	2,808
Prepaid event registration	705
Note payable	(339,600)
Transfer of funds from Cash to Reserve/Capital Accounts	(545,600)
Other liabilities	224
	224

NET CASH FROM OPERATING ACTIVITIES (736,214)

CASH, BEGINNING OF PERIOD 2,789,386

CASH, END OF PERIOD \$ 2,053,172

ADDITIONAL INFORMATION - OPERATING FUNDS REQUIREMENTS:

Per Board policy, operating funds should be between three months and six months of average budgeted annual operating expenses.

Number of months budgeted expenses in cash, end of period: **5.92**

Total 2020 operating budget expenses \$ 4,162,996

MINIMUM - Average of three months \$ 1,040,749

Amount over minimum	Amount under minimum
\$ 1,012,423	N/A

MAXIMUM - Average of six months \$ 2,081,498

Amount over maximum	Amount under maximum
N/A	\$ 28,326

DC Ranch Community Council Resale Benefit Fee Trend - September 2020

Resale Benefit Fee							
Month	2018 Actual	2019 Actual	In Process	2020 Actual	2020 Budget	Budget Variance	Change from Prior Year
Jan	\$ 95,098	\$ 77,187		\$ 93,563	\$ 97,919	\$ (4,357)	\$ 16,376
Feb	256,655	201,978		284,943	104,046	180,897	82,965
Mar	325,277	240,099		215,236	165,081	50,155	(24,863)
Apr	174,139	160,733		138,243	135,512	2,731	(22,491)
May	321,167	134,839		83,883	165,619	(81,737)	(50,957)
Jun	*** 243,270	217,543		251,064	139,094	111,970	33,521
Jul	91,893	118,113		185,835	130,433	55,402	67,722
Aug	141,858	133,747		207,587	104,436	103,151	73,840
Sep	115,775	98,697		232,947	60,171	172,776	134,250
Oct	195,948	137,713	425,047		131,642	(131,642)	(137,713)
Nov	* 424,955	160,508	162,071		177,164	(177,164)	(160,508)
Dec	** 95,424	292,800	52,380		88,883	(88,883)	(292,800)
Annual Total	\$ 2,481,459	\$ 1,973,957	\$ 639,498	\$ 1,693,298	\$ 1,500,000	\$ 193,298	\$ (280,659)

* The November 2018 benefit fee amount includes a fee of \$260,000 from the sale of Desert Parks Vista Apartments.

** The December 2019 benefit fee amount includes a fee of \$102,500 from the sale of corporate center property.

*** The June 2020 benefit fee amount includes a fee of \$110,000 from the sale of commercial property.

Property Sale Breakdown				
Location	September	YTD	Average Price	YTD Average
Desert Parks Village - House	8	50	791,238	807,289
Desert Camp Village - House	16	65	1,021,213	894,813
Country Club - House	1	30	1,700,000	1,715,550
Silverleaf - House	6	56	2,724,550	2,768,226
Silverleaf - Land	5	18	1,860,815	1,490,238
Commercial	-	5	-	6,035,000
Total/Average	36	225	1,389,464	1,620,728

